



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
WAYNE COUNTY
SHERIFF'S SETTLEMENT - 1999 TAXES**

July 11, 2000

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EXECUTIVE SUMMARY
WAYNE COUNTY
JAMES L. HILL, SHERIFF
SHERIFF TAX SETTLEMENT – 1999
JULY 11, 2000

This is an audit summary of the Wayne County Sheriff's 1999 Tax Audit. As with this audit, as well as in the past, the Sheriff's office had very good tax records. Our audit was reconciled to State and County Tax Settlements with very minor variances. There were no comments or noncompliances in our report and last year's audit conducted by a certified public accountant, indicated there were no comments or noncompliances. All 10% Sheriff's fees, advertising costs, and Sheriff's \$5 fees collected were distributed to the proper taxing districts and Sheriff's fee account.

Interest earned on property tax collections were distributed in proper amounts to each of the two school districts and the Sheriff had made proper payments to his fee account.

Other audit issues we considered in order to release an unqualified audit opinion are as follows:

1. Recordkeeping was in compliance with provisions of the Uniform Systems of Accounts
2. Audit tests of receipts and disbursements indicated allowability and proper documentation
3. There were no unexplained variances in proof of cash comparisons to receipts and disbursements

An unqualified opinion was rendered on the Wayne County Sheriff's Tax Settlement as of July 11, 2000.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
NOTES TO FINANCIAL STATEMENT	5
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.....	9



Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Mike Haydon, Secretary, Revenue Cabinet
Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Independent Auditor's Report

We have audited the Wayne County Sheriff's Settlement - 1999 Taxes as of July 11, 2000. This tax settlement is the responsibility of the Wayne County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Sheriff prepares his financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Wayne County Sheriff's taxes charged, credited, and paid as of July 11, 2000, in conformity with the basis of accounting described in the preceding paragraph.

- During our audit, we found the accounting records in excellent order. We commend Sheriff James L. Hill and his bookkeeper for maintaining such exemplary accounting records.

To the People of Kentucky
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Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated September 12, 2000, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 12, 2000

WAYNE COUNTY
JAMES L. HILL, SHERIFF
SHERIFF'S SETTLEMENT - 1999 TAXES

July 11, 2000

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 283,914	\$ 420,686	\$ 1,625,142	\$ 575,606
Tangible Personal Property	32,399	33,545		97,485
Intangible Personal Property				24,763
Fire Protection	5,183			
Franchise Corporation	33,259	34,712	97,615	
Oil and Gas Property	42	59	235	86
Additional Billings	274	370	1,285	639
Limestone, Sand, and Gravel	33	47	132	67
Bank Franchise Corporation	33,341			
Increased Through Erroneous Assessments	112	165	620	572
Penalties	2,520	3,612	12,841	5,344
Adjusted to Sheriff's Receipt	85	153		(4)
Gross Chargeable to Sheriff	<u>\$ 391,162</u>	<u>\$ 493,349</u>	<u>\$ 1,737,870</u>	<u>\$ 704,558</u>
<u>Credits</u>				
Discounts	\$ 5,060	\$ 6,199	\$ 22,118	\$ 9,574
Exonerations	4,227	5,593	18,968	9,074
Delinquents:				
Real Estate	5,745	8,555	30,852	11,549
Tangible Personal Property	1,443	1,494	4,380	4,636
Uncollected Franchise	814	901	2,642	
Total Credits	<u>\$ 17,289</u>	<u>\$ 22,742</u>	<u>\$ 78,960</u>	<u>\$ 34,833</u>
Net Tax Yield	\$ 373,873	\$ 470,607	\$ 1,658,910	\$ 669,725
Less: Commissions (a)	<u>16,177</u>	<u>19,960</u>	<u>66,356</u>	<u>28,751</u>
Net Taxes Due	\$ 357,696	\$ 450,647	\$ 1,592,554	\$ 640,974
Taxes Paid	357,024	449,752	1,655,747	639,907
Less: School Commissions Paid Sheriff			66,356	
Refunds (Current and Prior Year)	<u>671</u>	<u>893</u>	<u>3,160</u>	<u>1,067</u>
Due Districts or (Refund Due Sheriff) as of Completion of Fieldwork	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 3</u>	<u>\$ 0</u>

(a), (b), and (c) See Page 4

WAYNE COUNTY
 JAMES L. HILL, SHERIFF
 SHERIFF'S SETTLEMENT - 1999 TAXES
 July 11, 2000
 (Continued)

(a) Commissions:

10% on	\$	10,000
4.25% on	\$	1,487,916
4% on	\$	1,675,199

(b) Special Taxing Districts:

Library District	\$	1
Extension District		1
Soil District		1
Ambulance District		(1)
		<hr/>
Due Districts	\$	<u>2</u>

(c) School Taxing District:

Common School District	\$	1
Monticello School District		2
		<hr/>
Due School Districts	\$	<u>3</u>

The accompanying notes are an integral part of the financial statement.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT

July 11, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff's office maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The Sheriff's office met the requirements stated above, and as of November 30, 1999, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

WAYNE COUNTY
NOTES TO FINANCIAL STATEMENT
July 11, 2000
(Continued)

Note 3. Property Taxes

The real and personal property tax assessments were levied as of January 1, 1999. Property taxes were billed to finance governmental services for the year ended June 30, 2000. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 12, 1999 through May 31, 2000.

Note 4. Interest Income

The Wayne County Sheriff earned \$3,585 as interest income on 1999 taxes. The Sheriff distributed the appropriate amount to the school district as required by statute, and the remainder will be used to operate the Sheriff's office.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the Wayne County Sheriff's Settlement - 1999 Taxes as of July 11, 2000, and have issued our report thereon dated September 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Wayne County Sheriff's Settlement - 1999 Taxes as of July 11, 2000 is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wayne County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Bruce Ramsey, Wayne County Judge/Executive
Honorable James L. Hill, Wayne County Sheriff
Members of the Wayne County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

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Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 12, 2000

